(195..) Department

SERIES.

G.O. NO. 327

Dated 23- 1- 48

[Despatch Abstract.]

Textiles- yarn- All India Yarn Distribution.
Madras- Revised arrangements- papers recorded-

C.No. 84933 M II/47
6- 9- 47.

No. TR-25 (18)/46.

GOVERNMENT OF INDIA.
INDUSTRIES & SUPPLIES DEPARTMENT.
New Delhi, the 2nd September, 1947.

To

The Secretary to the Government of Madras,
Development Department,
Madras.

Sub:- Textiles. Cotton Yarn - Quota of the Madras - Reduction in.

Sir,

With reference to your letter No.45479 M.II/47-6, dated the 2nd August, 1947, on the subject noted above, I am directed to state that thereasons for reduction in the yarn quota of Madras have already been given in this Depart-ment letter of even number dated the 18th July, 1947. It will be seen therefrom that the production of yarn began to deteriorate from the beginning of the year 1946. Notwithstanding this fact, the yarn quota of Madras was kept unaltered according to the 1945 agreement. As, however, the production went down still further from the beginning of the year 1947, it was not feasible to continue Madras quota at the same figure without being unfair to other provinces. The revision of Madras quota became necessary in the circumstances and Madras Province has only been called upon to bear a portion of the burden due to shortage of supplies equally with every other province.

2. The Government of India have considered your argument that, if a reduction is considered necessary with a fall in production, it is equally necessary that the Madras quota should be increased with an increase in the All India yarn availability, and that therefore for the period from November 1945 to April 1947, Madras should be reimbursed with 42391 bales of yarn short supplied to that province. I am to state that though the All India Yarn Distribution Scheme came into force from April 1945, the actual distribution of yarn on a quota basis came into effect from September 1944. The average yarn quota due to Madras on the basis of availability of yarn should in fairness be taken for the period from September 1944 to April 1947 at the rate of 26.05 per cent of the availability as against the total quantity of yarn made available to the province during this period. The total All India availability during the above period was 2,571,407 bales, and 26.05 per cent of this availability amounts to only 6,69,852 bales. Actually Madras got 6,77,997 bales during the period. In other words, during this period Madras Province got about 8,145 bales in excess.

3. This apart, it will be recollected that the Madras Govt. agreed under the October 1945 Agreement, to forego a portion of the quota fixed at that time against excess deliveries made to that province prior to October 1945. In view of the persistent protests from the Madras Government, however, it was only recently decided to forego these recoveries as

communicated in this Department D.O.~~134~~ 134/ / 47 dated the 5th August, 1947.

2- In the circumstances stated above, the Gover____t of India trust that you will appreciate that Madras province has been fairly treated in this matter.

I have,ctc.,

Sd. M.P . Pai),
Joint Secretary to the Govt of India,
Development.

/True copy/

~~S_____intendent,~~
~~Record Office.~~

Development Department.

D.O. No. 45479 MII/47-ii dated 11-10-47.

Sub: Textiles - Mill Cloth and yarn - per capital allowance of cloth - Quota of yarn for Madras.

Ref: Your D .O. No.134/S/47 dated 5-8-1947. Pai's official letter No. T-B.25(19)/46 d/ 2-9-1947.

I am to say that the Government of Madras feel that the reply in paragraph 2 of your D.O. cited does not take into account the reasons given by them for a flat per capita ration of mill cloth for all provinces and States in India except Baluchistan and North West Frontier Province. I am to lay stress on the fact that this Govt. have not asked and are also loath to ask for an extra ration at the expense of other Provinces and States in India. What this Government insist on is that unjustifiable differential ration now in force should be terminated immediately and that the available supplies should be distributed equitably among all Provinces and States. Now that the cloth position has deteriorated it is all the more necessary to terminate the differential ration now in force and to put the distribution on an equitable and just basis. I am therefore to press that the available supplies cloth be distributed equitably among all Provinces and States so that the per capita allotment of each Province and State (Except Baluchistan and the N.W.F. Province)is the same.

2. I am to invite attention to paragraph 2 of Pai's letter cited and to the statement made therein that the actual distribution of yarn on a quota basis came into effect from September 1944. This position is not correct. On 2-1-1945 the T.C., Bombay sent a wire to the P.T.C., Madras asking the latter to continue to permit exports of yarn from the Madras Province through previous channels and upto the quantities till then exported pending introductionof the yarn distribution scheme. This suggestion was agreed to and acted upon and subject to this condition this province was absolutely free to retain its yarn production till the introduction of the All India Yarn Distribution Scheme in April 1945. In respect of deliveries of yarn to this Province between April and October 1945, I am to invite, a reference to paragraph 9 of the October Agreement which read as follows:-

> "The Textile Commissioner, Bombay will refrain from making any claims for excess receipts by Madras Province between April and October 1945"

The deliveries during this period are govered by the tentative agreement of July 1945 between the P.T.C., Madras and the Additional Deputy Textile Commissioner, Bombay and subsequently accepted by the Textile Commissioner, Bombay. According to this Agreement this Province might retain in all 23,762 bales p-m. The actual deliveries during the period however, exceeded the quantity agreed to by 1,848 bales. Presumably because this excess was small the Government of India agreed to forego recoveries. There is therefore no justification to reopen this question or to go back on the decision reached and embodied in the October agreement. It will thus be clear that, during the period from Sept. 1944 to March 1945 there were no excess deliveries to this Province and that there is little justification to reopen the question of recovering the small excess deliveries during the period from April to October 1945. The deficit in the deliveries to Madras between November 1945 and Feb 1947 was 42,111 bales as

detailed below:

1. Tptal pf All India deliveries of yarnn	13,15,174 bales.
2. Quota due to Madras (26.05% of 13,15,174 bales)	3,42,603 bales.
3. Add quota due to Pondicherry, Banganapalle, Sandur etc. (269 X 16)	4,304
4. Total quota due to Madras Region (2 plus 3)	3,46,907 bales.
5, Delive-ries to Mad as between No.1945 and Feb. ~~Bef.~~ 1947	3,04,796
Quantity due to Madras.....	42,111

It is obligatory on the part of the Central Government to make good immediately the above deficit of 42,iii bales to this Province. During the period in question the rest of India received more than its share at the expense of this Province. I am to urge strongly once again that in fairness to this Province the deficit of 42,iii bales be made good immediately or in instalments spread over a period of about 6 months. The Government of Madras agree to the reduction of the quota of this Province to 19,223 bales a month from March 1947 provided the deficit is made good.

3, I am to request that the matter be reconsidered and a reply sent as early as possible.

Sd. xxxxx
8-10-47.

Sd. xxxxxx
8-10- 47

Sd- xxxxxx
9- 10- 47.

To:

S.A. Venktararaman Esq., I.C.S.,
Secy. to the Govt. of India,
Dept. of Ind and Supplies.
New Delhi.

Copy to the T.C. Bombay.

Copy to the P.T.C. Madras.

/True co

~~Superintendent~~,
~~Madras Record Office.~~

Ministry of Industry & Supply
New Delhi, 10th Novr., 1947.

My dear Sathianathan,

Please see D.O. letter No.45479-M II/47/II dated 11th October, 1947, to Venkataraman. We have gone further into this and I find that my view that accounts should be struck right from the beginning of the Yarn control in September 1944 is incorrect. This is due to all the papers being at Bombay. I am sorry to have adopted this incorrect basis. However, It would appear that Venkateswaran and Dharma Vira calculated the balance as due at the end of August 1946 to be 4,073 bales. This balance has been struck in an agreement recorded at Bombay on 18.12.46. The arrears for the months of September 1946 to August 1947 would appear to be 14,935 bales. The total balance due to Madras at the beginning of September 1947 is, therefore, only 19.008 bales. We propose making this good in 9 months commencing from November. Sivasankar will discuss the position fully with Hejmadi during his prospective visit to Madras.

Yours sincerely,

Sd. M.P. Pai)

/True copy/

~~Superintendent~~,
~~Madras Record Office~~.

DEVELOPMENT DEPARTMENT.

Letter No.45479 ~~200~~ MII/47-13 dated 9th January 1948.

To

The Secretary to the Government of India,
Ministry of Industries and Supplies,
New Delhi.

Sir,

Sub: Textiles - Cotton Yarn - Quota to Madras- Arrears.

Ref: Mr. M.P. Pai's D.O. No.245/T-S.1/47. dated 10-11-47.

I am directed to invite reference to the D.O. cited above and to enclose extracts from the minutes of discussion the T.C. Bombay had with the P.T.C Madras on 15-11-47 on the avove subject. The Govt. of Madras have already accepted the principle that Madras is entitled only to 26.05% of the All India Yarn deliveries. They accept the compromise proposal of the T.C., Bombay that the short deliveries to Madras should be reckoned from September 1946 in Madras and that the short deliveries of 19.008 bales of yarn from September 1946 to August 1947 should be made good by the T.C., Bombay in instalments in 8 months from December 1947 to July 1948 if possible, the first instalment being not less than 5,000 bales in 20s, 30s and 40s counts.

2. I am to state that this Government consider it desirable to verify each month that Madras gets 26-05% of the All India Yarn deliveries and to request that the T.C. Bombay may be instructed to furnish the P.T.C. Madras figures of all India Yarn deliveries month after month as they are ready in order to enable the P.T.C. to make the verification.

3. With a view to giving effect to the October Agreement between the Government of India and the Madras Government, each mill in Madras region was given two basic allocations, one in respect of deliveries by it within the Madras region and the other in respect of deliveries due from it to each specified area outside the Madras region. If in any month a mill anticipated that it could not fulfil both the internal and external obligations fully, the deliveries to the Madras region and to areas outside it were cut down in the same properties. If, however, there was a surplus after meeting the internal and external obligations fully, the surplus was placed at the disposal of the T.C., Bombay. As the October Agreement has been scrapped, it is no longer necessary to place the surplus atthe disposal of the Textile Commissioner. Such surplus yarn will hereafter be included in the deliveries to the Madras region and if in any month the Madras region takes more than 26.0 of the All India Yarn deliveries, the excess will be adjusted in the subsequent months. I am to state that the mills in this region are being instructed to follow the revised procedure.

Copy to the T.C- Bombay,
P.T.C.

/True copy/

~~Superintendent,~~
~~Madras Record Office.~~

To A.S.

Under the October agreement between this Govt. and the Govt. of India, this Province is entitled to 26.05% of the all India surplus yarn production and the quota for this Province was fixed at 21574 bales a month with ref. to the all India Production during May to August 1945, On the ground that the all India production had gone down, the Tex. Commissioner, Bombay reduced the quota of this Province to 19267 bales a month with ref. to the production during Jan. to Apl. 1947. This Govt. agreed to the principle that Madras was entitled only to 26.05% of the All India Yarn production but found that Madras had been supplied with 3,04,796 bales during the period from No. 45 to Feb. 47 as against 3,46,907 bales which it should receive according to the principle. India were therefore requested to make good the deficit of 42,111 bales and were informed that this Government agreed to the reduction of the quota of this Province to 19,223 bales a month from March, 1947 provided the deficit was made good. India however, replied that in an agreement between the Textile CommissionerBombay, and the P.T.C. recorded at Bombay on 18-12-1946 it was settled that the balance as due to Madras at the end of August, 1946 was only 4,073 bales that the arrears from Sep.1946 to Aug. 1947 came to 14,935 bales and that the total balance of 19,008 bales would be made good in 9 months commencing from November 1947. India also stated that the T-C. Bombay would discuss this point with the P.T.C.

2. During his recent visit to Madras theT.C. Bombay discussed this point with the P.T.C. The T.C. stated that Madras was entitled to 26.05% of the All India Yarn Production, that in view of the fall in yarn production, he was really not in a position to make good 42,111 bales, that there should be a compromise in the matter, that the short deliveries might therefore be reckoned from Sep.46 in view of the agreement recorded on 18 -12-46 and that the Madras Govt. should not press for making good the deficit of 42,111 bales. The P.T.C. recommends that the proposal of the T.C. to make good the deficit of 19008 bales from Sep. 1946 upto August 1947 may be accepted in view of (i) the addl. allotment of 10,000 bales of mill cloth made by the T.C. Bombay to this Province. (ii) his promise to increase the export quota of handloom cloth to countries outside India and to replace such exports by mill cloth and of the fact that the T.C. Bombay is not really in a position to make good the deficit of 42,111 bales. For orders whether the P.T.C.'s view may be accepted and India informed accordingly.

3. The P.T.C. suggested that the T-C., Bombay be asked to furnish hi the All IndiaYarn Deliveries month after month as soon as they are ready in order to see that Madras gets 26.05% of the All India deliveries and that he may be told of the revised procedure mentioned at 'D' on page 76 c.f. in regard to deliveries of yarn by the mills in this Province to Madras and to other Provinces and States in India. For orders whether the suggestions may be accepted.

Sd xxxx
12-12-47

The revised procedure referred to at 'A' is this: The Madras Millshave to deliver yarn to this Province and also to other provinces according to a basic allocation and any excess production after meeting the allocations has to be placed at the disposal of the T.C. Bombay. As this agreement is virtually scrapped now, the P.T.C. proposes to utilise all such excess quantities in this Province itself and in case we take more than the prescribed percentage

of all India production in anyone month, that excess would be adjusted against deliveries for subsequent months. This may be approved as it avoids wasteful transport.

Sd. xxxxx
14-12-47

May be approved

Sd xxxxx
20-12-

Sd. xxxx
15- 12-

To A.S.

Orders at 'N' 'A' on page 8 above. A. draft letter to India is submitted for consideration.

Sd. xxxxx
24-12-48

Sd. xxxxx

(Issued letter No. 45479 MII/47-3 dated 9-1-48 to Government of India)

To AS.

The letter to the Government of India has issued The papers may now be recorded.

Sd. xxxx
19-1-48

Sd. xxxxx
21-1-48

Sd. xxxxx
22-1-48

G.O. 327 dated 23-1-48-

Textiles- Yarn- All India Yarn Distribution- allocation to Madras- Revised- arrangements- papers recorded.

Sd. xxxxx
19-1-48.

(True copy)

For Superintendent,
Madras Record Office.

4/9/18.